9-25-1964

United States Steel Corporation Wire Operations Waukegan Works and United Steelworkers of America Local Union 1115

Sylvester Garrett

BOARD OF ARBITRATION

Case No. A-1039

September 25, 1964

ARBITRATION AWARD

UNITED STATES STEEL CORPORATION
WIRE OPERATIONS
Waukegan Works

and

Grievance No. WK-1648

UNITED STEELWORKERS OF AMERICA
Local Union No. 1115

Subject: Incentive Administration

Statement of the Grievance: "We contend the company violated Sect. 9-C-2 of the contract when on May 29, 1963, we ran stainless steel wire on the HRX Mach. East Mill for experimental purposes and were paid unmeasured work. We demand development or average rate for this days work."

This grievance was filed in the First Step of the grievance procedure June 4, 1963.

Contract Provisions Involved: Section 9-C-2 and Section 9-F-2 of the April 6, 1962 Agreement.

Statement of the Award: The grievance is denied.

BACKGROUND Case A-1039

Two Wire Drawers on the Vaughn HRX Machine in the Waukegan Works East Mill grieve that they were improperly paid on the basis of unmeasured work on May 29, 1963, when 2,000 pounds of 1/4" stainless steel rod were drawn to a wire size of .110" at speeds ranging between 600 and 1400 FPM. This work was performed on a carbon wire drawing machine at the request of Stainless Steel Department Supervision, which wished to ascertain the maximum speeds at which stainless wire could be drawn but was prevented from conducting the experiment on its own drawing machines by their comparatively slow speeds. 1

The Union agrees that the wire drawing performed by the two grievants on the single day of May 29, 1963, was purely experimental. Its contention is that Management erroneously set aside the grievants' Incentive Application No. 12-33 for the work in question and paid the standard hourly wage rate. This is said to violate Section 9-C-2 of the April 6, 1962 Basic Agreement since that section requires the Company to pay incentive regardless of the product run. Management is required to adjust an incentive to preserve its integrity "when it requires modification to reflect new or changed conditions which are not sufficiently extensive to require cancellation and replacement of the incentive." It is apparent to the Union that the integrity of an incentive cannot be preserved by payment as unmeasured work. 2

Union testimony is to the effect that this case is the first occasion on which Waukegan Management has departed from the payment of average incentive earnings in similar circumstances. Testimony refers to eight grievances which were actually filed and granted and twelve instances when average earnings were paid without the necessity of formally grieving. (It is noted here that both parties referred to an average incentive rate, a developmental work rate, and an experimental work rate as interchangeable terms.) The Union recognizes that the Company has the prerogative under Section 9-C-1 to establish new incentives but asserts that, having done so, the Company is barred from paying a standard hourly rate for unmeasured work since the incentive covers the job. 3

The Company, says the Union, is relying on Section 9-F-2, but the Union maintains that 9-F-2 on its face refers 4

back to Section 9-C-2, with the result that an incentive job remains on incentive at all times. The Union also states that the Company has cited Board decisions which pre-date the 1962 Agreement, which reduced the cited decisions to little or no value for the present purpose. The 1962 language of Section 9-C-2, it is said, was changed by the parties to the extent that this is the first grievance since 1962 where Management refused to pay the developmental rate. One Union witness testified that we "hear little about unmeasured work anymore. There was a lot of this before 1962. This was a hassle all the time. There has been a big change since 1962 when it was recognized that the incentive covers the job."

5 The Union concedes that unmeasured work is recognized in several places in the Incentive Brochure but alludes to Management's agreement as long ago as Case A-372 that "there has never been any claim and there is not any claim now by the Company that the Union is bound by such brochure."

6 The Company interprets the Union contentions as meaning that employees on incentive must receive an incentive rate regardless of the work they are doing and for however long, and that the Company is obliged to make an adjustment in the incentive. This, says Management, is tantamount to saying that there can no longer be unmeasured work. This would fly in the face of the Board's periodic recognition of the applicability of unmeasured work in certain circumstances. Contractually, Section 9-F-2 applies here. In any case, Section 9-C-2 does not require payment of average earnings. 9-C-2 applies only when an incentive is changed and here there has been no adjustment or replacement or necessity for same since the two Wire Drawers performed the experimental work for a single turn. A total of 16 hours production and experimentation are not of such magnitude as to require replacement of the incentive.

7 The Company directed its attention to the Union-cited grievances which were granted on the basis of payment of a developmental rate and attempts to distinguish them from the instant case on the grounds that they involved extensive and prolonged work for which the Company felt a duty to develop a standard rate. For example, states the Company, one prior

grievance involved a large run of wire for a Trenton Bridge job and consumed three weeks of operations; another instance required that the grievants operate equipment different from their normal equipment. In any event, prior grievances were resolved by "one shot" agreements of the Company and a Committeeman and obviously no such agreement was reached in the instant case.

General Foreman Mitchell testified that the Company attempts to minimize unmeasured work; that it has ranged between 4 and 6% throughout Waukegan Works for years; unmeasured work is paid every week in non-standard conditions; a developmental rate has never been paid on the Vaughn HRX Machine; a developmental rate can only be paid after obtaining the approval of the General Superintendent and Pittsburgh; no change in the amount of unmeasured work has been discernible in the witness's department since the conclusion of the 1962 Basic Agreement; use of a developmental rate is infrequent compared to unmeasured work; and a developmental rate is paid for fairly extensive periods - usually 30 - 90 days - not for a few days. The witness believes that he would have been refused a developmental rate by higher Management for the work involved in this case if he had applied for one. The witness then gave several examples of experimental work performed at unmeasured work - i.e., payment of the Standard Hourly Wage Rate - since 1962. 8

The Company concludes that it is, in appropriate circumstances, permissible to pay unmeasured work under the long-standing practice of doing so at Waukegan and under Board rulings dating back at least to Case USC-316. The Union is felt to be precluded from stating that there is now no contractual basis for unmeasured work application. Case USC-945 is said to recognize that Management may pay unmeasured work for non-standard work when said work extends for a period of only six weeks, but Case A-713 indicated that experimental work of between one and two years was an abuse of charging man-hours as unmeasured under the incentive. Finally, the Company denies that there was any change in the wording of 9-C-2 in the 1962 Basic Agreement. 9

FINDINGS

Section 9-C-2 of the 1962 Basic Agreement, when applicable, requires an adjustment or replacement of an incentive. It does not require the payment of an average earnings rate or of an incentive at all times and under all circumstances to persons occupying incentive jobs. 10

The basic issue in this case is whether there is (or should be) an incentive rate applicable to Wire Drawers on the Vaughn HRX Machine under the circumstances of the May 29, 1963 experimental work and within the framework of the practices of incentive administration at Waukegan Works. The evidence establishes that there is not. The practice at this plant is to obtain, through specified channels, authorization to pay an experimental work rate for operations significant in volume, reasonably protracted in time, or performed on equipment not normally used by the men assigned. Applying these guidelines to the instant case requires denial of the grievance. Operating their customary drawing machine, the two grievants processed one ton of stainless steel from rod to wire on a single turn in the pay period ending June 8, 1963 when all the operators of the wire drawing equipment worked a total of 466 hours at an Index of Measured Performance of 144%. 11

AWARD

The grievance is denied. 12

Findings and Award recommended pursuant to Section 7-J of the Agreement, by

David C. Altrock
Assistant to the Chairman

Approved by the Board of Arbitration

Sylvester Garrett, Chairman